
WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 6.05.2009

June 5, 2009

MESSAGING RESOURCES/POLLING UPDATE

REPUBLICAN REGULATORY REFORM PROPOSAL

Republicans are Committed to Modernizing our Outdated Regulatory Structure. One of the most important tasks of this Congress will be to modernize our 1930's regulatory structure to meet today's 21st century financial markets. Republicans continue to develop common sense, comprehensive regulatory reform proposals. The Republican plan will focus on getting the government out of picking winners and losers; ensuring that taxpayers are protected and never again asked to pick up the tab for bad bets on Wall Street; and restoring market discipline to eliminate the expectation of a government rescue.

• Ranking Member Bachus echoed these principles in this YouTube commentary.

Smarter Regulation Is Needed. The current crisis was sparked because of misguided government policies to allocate credit, including the Community Reinvestment Act and the Government Sponsored Enterprises, and was later exacerbated by the government bailouts of "too big to fail" institutions. During this crisis we also learned that our regulators, including the SEC, failed to use tools at their disposals to protect investors. Republicans believe that smarter - not more-regulation is needed. Republicans will resist the kind of command-and-control approach that has characterized the Obama Administration and Democrats' approach to the economy.

• Rep. Bill Posey outlined these principles in this YouTube commentary.

Bringing Oversight, Accountability To The Federal Reserve. The Federal Reserve has taken unprecedented steps since the collapse of Bear Stearns to shore up the financial markets with no accountability or transparency. Republicans oppose overburdening the Federal Reserve with new missions, in particular the task of being the systemic risk super regulator. Instead, Republicans are committed to refocus the Federal Reserve on its core mission of conducting monetary policy by limiting the Fed's authorities and unwinding the trillions of dollars in obligations it has acquired during this financial crisis. An exit strategy from government bailouts is needed to avoid enshrining a failed government policy of rescuing "too big to fail" institutions.

Rasmussen: " 26% Applaud GM Bailout But 17% Favor Boycott... The latest Rasmussen Reports national telephone survey found that 53% of Americans believe the bailout was a bad idea. Of this group, 30% favor a boycott, 54% oppose the idea and 16% are not sure."

ON THE HORIZON

Tuesday, June 9: The Capital Markets Subcommittee will meet for a hearing on over the counter derivatives regulation at 10:30 am in room 2128 Rayburn.

Thursday, June 11: The Full Committee will convene a hearing on executive compensation at 10 am in room 2128 Rayburn. At 2 pm the Housing Subcommittee will meet for a hearing on H.R. 2336, the GREEN Act in room 2128 Rayburn.

WEEKEND MUST-READS

CNBC: "GOP Readies Offensive on Regulatory Reform Front...As the Obama administration works toward a mid-June unveiling of a sweeping package of regulatory reforms for the financial sector, Congressional Republicans are preparing their own offensive in the coming week."

Wall Street Journal: "Banks' Telethon Is Nearly Over ... J.P. Morgan Chase & Co., Morgan Stanley, American Express Co. and regional bank KeyCorp said Tuesday they sold a combined \$8.7 billion in common stock. That pushed the total value of shares sold by the 19 financial firms that were stress-tested by the government to at least \$65 billion since the results were announced May 7."

Washington Post, Editorial: "GM's New Owner ... ON BEHALF of all of us, President Obama has just bought 60 percent of a "new," post-bankruptcy General Motors. The price was \$30 billion, in addition to the \$20 billion that Washington had already sunk into the firm. Let's slam the doors and kick the tires."

Washington Post: "SEC Chief Strives To Rebuild Regulator ... Inside the agency, Schapiro is working to step up enforcement efforts, pushing cases linked to the financial crisis and freeing investigators to more vigorously pursue financial wrongdoing. She is also pursuing regulations to govern hedge funds, derivatives, short-selling, money managers, corporate disclosures and governance."

New York Times: "Regulator to Detail Plan for Derivatives ... The new chairman of the Commodity Futures Trading Commission will ask Congress on Thursday to impose substantial new costs and restrictions on large banks and other financial institutions that deal in the complex and largely unregulated financial instruments known as derivatives."

Washington Post: "Banks Put Off Plans To Sell Toxic Assets ... The rush of capital into the banking industry over the past month is allowing firms to postpone the painful process of selling devalued mortgages and other troubled assets, a step many financial experts still consider necessary to fully revive lending."

COMMITTEE REPUBLICANS IN THE NEWS

Rep. Ed Royce gave this statement on the future of Fannie Mae and Freddie Mac.

Rep. Jeb Hensarling issued this press release: [Hensarling Wins Commitment for Oversight Panel Hearing on Auto Bailout](#).

Rep. Scott Garrett made this statement regarding the CFTC's derivatives proposal and gave this statement during the Committee hearing on Fannie and Freddie.

Rep. Tom Price released this statement on GM's bankruptcy.

Rep. Michele Bachmann issued this press release: [Bachmann Introduces Taxpayer Protection and Anti-Fraud Act](#).

Rep. Spencer Bachus penned this column: [Online Gambling Leads to Crime and Hurts Young, So Why Encourage It?](#) and gave this statement during the Committee hearing on Fannie and Freddie.

CARTOON OF THE WEEK

(The Hill's Chris Weyant, 6/3/2009)